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Associated costs related to the capital master plan

Report of the Secretary-General

Summary

The General Assembly, in its resolution 62/87, expressed its concern that no specific information had been shared with Member States concerning associated costs relating to the capital master plan, and requested the Secretary-General to include such information in his sixth annual progress report. The General Assembly also requested the Secretary-General to make every effort to absorb such costs within the approved budget of the capital master plan.

Many associated costs will be required from mid-2008. Accordingly, the capital master plan will be affected by delays if the associated activities do not proceed on the same timeline. In that regard, the Secretary-General is providing his proposals on associated costs for early consideration by the General Assembly.

The Secretary-General has sought to absorb associated costs within the approved budget of the capital master plan. However, on review, it has been determined that it is not possible to do so without exceeding the budget approved for the capital master plan project.

The present report identifies, for each department providing support during the construction, the projected associated costs that will be incurred during the capital master plan.

A decision by the General Assembly is requested on the proposals and on the financing of associated costs for the capital master plan.

08-30369 (E) 080508

I. Introduction

1. For several years, it has been understood that during the construction period of the capital master plan, temporary increases in staffing and operational costs will be required in certain parts of the Secretariat that will support the construction activities of the capital master plan, such as the Department of Safety and Security, the Department of Public Information, the Department of General Assembly and Conference Management and the Department of Management.

2. Specific additional costs for furniture and equipment were first addressed in the third annual progress report[1] on the capital master plan. Subsequently, staffing and additional operational costs were raised in the fourth annual progress report,[2] and in the fifth annual progress report[3] it was reiterated that associated costs had not been included in the capital master plan budget, but would be presented to the General Assembly "in parallel with the capital master plan budget and schedule".

3. In its resolution 62/87 of 10 December 2007, the General Assembly requested "the Secretary-General to include such information in his sixth annual progress report and to make every effort to absorb such costs within the approved budget of his capital master plan".

4. Following consideration within the Secretariat, it has been concluded that most departments will require resources to support the capital master plan from mid-2008 ("associated costs"). While the Secretary-General has sought to absorb the associated costs, identified by department, within the approved budget of the capital master plan, he has determined that it will not be possible without causing an impact on the capital master plan project itself. The project could be significantly delayed if the related work is not under way, and the requirements needed within other Departments for 2008 and 2009 are not in place, by mid-2008. The capital master plan project budget has been approved by the General Assembly to meet the activities and specific requirements identified in earlier reports of the Secretary-General. Therefore, in accordance with the established procedures and mandates of the General Assembly, any reassignment of such funds, other than for the implementation of the project, would require General Assembly approval.

5. At the same time, it is recalled that the Secretary-General, in his report on information and communications technology (ICT) security, disaster recovery and business continuity for the United Nations (A/62/477), presented proposals including the consolidation of five ICT data facilities into two facilities: a North Lawn data centre and a data centre in Long Island City. The report, which has yet to be considered by the Fifth Committee, noted that the capital master plan project posed a high risk to the continuity of information and communications technology infrastructure. The Long Island City data centre has been proposed to replace the secondary data centre in the DC-2 Building. The North Lawn facility will replace the current facilities in the Secretariat Building. Those proposals which relate to the Long Island City and North Lawn data centres should be considered as an integral part of the proposals contained herein, without which progress on the capital master plan would be compromised.

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[1] A/60/550 and Corr.1 and 2, para. 9 (g).

[2] A/61/549, para. 9.

[3] A/62/364 and Corr.1, para. 35.

6. The following tables (table 1 and table 2) list the projected associated costs related to the capital master plan for the period 2008 to 2013 by section and by object of expenditure.

Table 1
Projected associated costs related to the capital master plan[a]
(Thousands of United States dollars)

	Estimated cost 2008-2009	*Estimated cost 2010-2013*	*Total estimated cost 2008-2013*
Section 2	995.3	1 815.6	2 810.9
Section 27	4 254.0	30 035.8	34 289.8
Section 28D	17 958.8	74 145.4	92 104.2
Section 33	18 831.2	35 102.4	53 933.6
Subtotal	**42 039.3**	**141 099.2**	**183 138.5**
Section 35[b]	3 457.4	7 155.8	10 613.2
Total	**45 496.7**	**148 255.0**	**193 751.7**

[a] At current 2008-2009 rates
[b] To be offset by an equivalent amount under income section 1, Income from staff assessment.

Table 2
Summary of resource requirements by object of expenditure[a]
(Thousands of United States dollars)

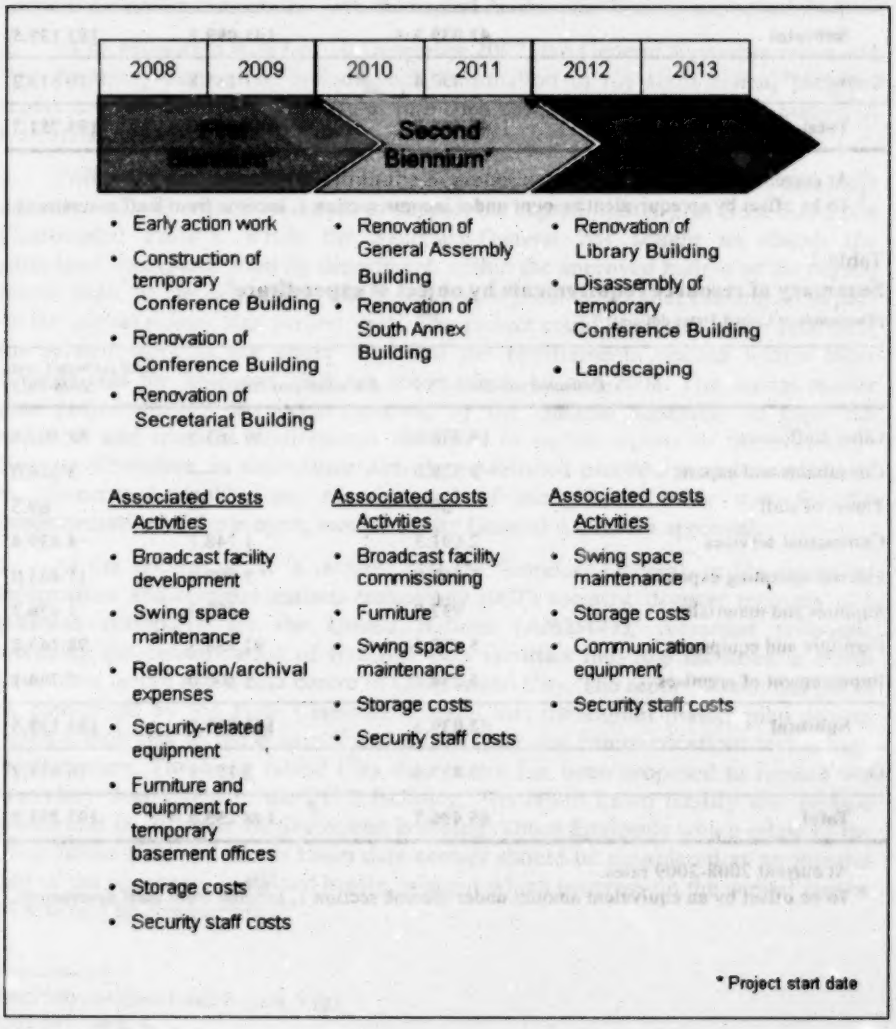
	Estimated cost 2008-2009	*Estimated cost 2010-2013*	*Total estimated cost 2008-2013*
Other staff costs	18 938.9	39 363.5	58 302.4
Consultants and experts	3 528.0	—	3 528.0
Travel of staff	69.5	—	69.5
Contractual services	2 691.3	1 748.1	4 439.4
General operating expenses	5 663.0	5 800.0	11 463.0
Supplies and materials	937.0	499.3	1 436.3
Furniture and equipment	5 957.5	92 188.3	98 145.8
Improvement of premises	4 254.1	1 500.0	5 754.1
Subtotal	**42 039.3**	**141 099.2**	**183 138.5**
Other[b]	3 457.4	7 155.8	10 613.2
Total	**45 496.7**	**148 255.0**	**193 751.7**

[a] At current 2008-2009 rates.
[b] To be offset by an equivalent amount under income section 1, Income from staff assessment.

II. Time frame

7. The associated costs sought in the present report have been reviewed in detail by the capital master plan project team to align the phasing of requirements to the timetable of the project. In that connection, the chart below presents the linkage between capital master plan project activity and the period of time (top half of the chart), and the associated activities to be undertaken by the affected departments (lower half of the chart).

8. Significant related activities and, hence, costs are expected to arise during the period 2008-2009. Some of those activities will thereafter continue into subsequent bienniums, where such activities require installation after purchasing and related commissioning (for example, development of a broadcast facility will require equipment purchase, installation, testing and commissioning).



III. Identified associated costs

9. The renovation of the United Nations Secretariat buildings in New York brings with it a number of complications. The largest obstacle is to ensure that the levels of security, operations and service are maintained over a dispersed campus. To meet those challenges, there are a number of items to be considered. The following paragraphs describe some of the challenges and detail the level of resources required by departments to ensure that the renovation project will be completed in a timely manner with as little disruption as possible to activities. Also provided is information on the replacement of broadcast facilities and furniture and equipment for the renovated buildings. Departmental activities described below are aligned with the capital master plan timetable, and as such, resources would be required over three bienniums: 2008-2009, 2010-2011 and 2012-2013.

10. A first round of intensive value engineering has been completed, in order to keep the project within the approved capital master plan budget of $1,876.7 million. So far, $106 million in savings for trade costs has been identified, to reduce the estimated overrun of $219 million reported in the fifth annual progress report of the Secretary-General on the implementation of the capital master plan (A/62/364 and Corr.1). The savings that were identified so far are across all areas of the project, the largest in the mechanical and electrical systems. There are no losses of functionality associated with the savings identified so far, and the process of value engineering will continue throughout the rest of the design. As value engineering has currently yielded less than half of the projected cost overrun, it seems highly unlikely at this point that additional resources sufficient to cover the associated costs will be found.

Table 3
Summary of resource requirements by section and by object of expenditure[a]
(Thousands of United States dollars)

	Other staff costs	*Consultants and experts*	*Travel of staff*	*Contractual services*	*General operating expenses*	*Supplies and materials*	*Furniture and equipment*	*Improvement of premises*	*Other costs*	*Total*
Section 2	2 810.9	—	—	—	—	—	—	—	—	2 810.9
Section 27	—	3 504.0	—	750.0	—	—	30 035.8	—	—	34 289.8
Section 28D	6 210.2	24.0	69.5	2 705.9	10 454.5	—	66 886.0	5 754.1	—	92 104.2
Section 33	49 281.3	—	—	983.5	1 008.5	1 436.3	1 224.0	—	—	53 933.6
Subtotal	**58 302.4**	**3 528.0**	**69.5**	**4 439.4**	**11 463.0**	**1 436.3**	**98 145.8**	**5 754.1**	**—**	**183 138.5**
Section 35	—	—	—	—	—	—	—	—	10 613.2	10 613.2
Total	**58 302.4**	**3 528.0**	**69.5**	**4 439.4**	**11 463.0**	**1 436.3**	**98 145.8**	**5 754.1**	**10 613.2**	**193 751.7**

[a] At current 2008-2009 rates.

Section 2
General Assembly and Economic and Social Council affairs and conference management

11. An estimated amount of $2,810,900 will be required for the duration of the project for other staff costs to ensure that the Department maintains support levels for mission critical systems, particularly the meetings management and document management systems. Requirements also relate to the removal, set-up and installation of specific departmental information technology applications.

Section 27
Public information

12. Requirements are estimated at $34,289,800 for the period 2008-2013. Consultancy services ($3,504,000) are required to assist in the development of an integrated management solution for television, radio, video and audio, including automation of the archives and a centralized robotic control system for cameras. The integrated system is included under furniture and equipment and has an estimated cost of $30,035,800. That would provide for the replacement of the current obsolete broadcast equipment with equipment that represents the latest technology and standards in the industry. The newly designed broadcast facility will be integrated with the services provided by the installation of robotic cameras and digitized audio and will enable the seamless movement of video images between Headquarters and field offices. It will also simplify departmental operations and enhance productivity. The above cost includes the procurement of all equipment related to the media operations centre, master control room, television production control for high definition, editing suites for high definition non-linear formats, audio control room, radio control rooms and radio studios, including the infrastructure for the central equipment facility.

13. Under contractual services an amount of $750,000 is required for reconfiguration of one radio studio for the new International Broadcast Centre and for audio-visual archivists to work on the inventory, appraisal, selection, classification, retention, disposal and indexing of audio-visual records.

Section 28D
Office of Central Support Services

14. In addition to its usual operational activities, the Office of Central Support Services will be required to maintain information technology and communication requirements across all swing space offices and in the North Lawn Conference Building. The Office will also have to ensure that all facilities, including swing space, are managed in accordance with health and safety requirements and that services related to travel, visa and transportation requirements are continued without interruption. The logistical activities of managing the moves of staff in and out of swing space along with tracking non-expendable property are within the purview of the Office. The Office is also responsible for furniture requirements in the Secretariat. Added complications for the Office include the continuation of the provision of support services to official meetings in the conference swing space.

Particularly relevant will be the migration of operations and conference support systems, that is conference audio, voting systems and television and radio production infrastructure, as follows:

(a) In 2009, from the Conference Building to the North Lawn Conference Building;

(b) In 2011, conference operations and the central broadcast and audio-visual operations from the General Assembly Building to the renovated Conference Building;

(c) In 2012 and 2013, from the remaining North Lawn Conference Building conference operations back to the renovated General Assembly Building.

15. In that regard, resources estimated at $92,104,200 will be required during the renovation project. The major component of the costs relates to furniture and equipment ($66,886,000), which includes office furniture for approximately 4,500 staff and conference room chairs and furniture in lobbies, lounge areas and informal meeting rooms ($55,568,400). The furniture will be required when the renovated buildings are reoccupied. The Office will also require furniture and equipment ($9,270,600) for its related costs for the broadcast facility that is included under section 27, Public information. Other equipment costs of $2,047,000 will provide for receiver and repeater stations for the swing space, and audio and video enhancements to enable signals to be carried over the Intranet to swing space offices.

16. With respect to requirements under other staff costs ($6,210,200), resources are required for 11 positions, to cover such responsibilities as provision of technical expertise, integration of new building management systems, procurement of furnishings for an estimated 4,500 staff, maintenance of records, space and asset management, and connectivity of broadcast facilities.

17. Under contractual services an amount of $2,705,900 will be needed for the migration of all information and communications technology applications to the new North Lawn facility and for engineering services for the installation and commissioning of the North Lawn Conference Building and the Secretariat Building. The migration exercise will also require consultancy services ($24,000) and travel, for staff with expertise in the applications being migrated, from offices away from Headquarters to New York ($69,500).

18. In regard to general operating expenses ($10,454,500), provision is sought for additional storage of furniture and archives and the related packaging requirements, relocation services and maintenance costs covering such items as fire alarm and sprinkler servicing and heating, ventilation and air conditioning (HVAC) repairs for the swing space and North Lawn Conference Building.

19. The amount for improvement of premises ($5,754,100) covers the acquisition of security-related equipment and maintenance costs for 2009, to support Department of Safety and Security hardware and software requirements for the existing primary security command centre and a new secondary security command centre, and includes new cameras and storage capacity to provide additional coverage during capital master plan construction.

Section 33
Safety and security

20. Resources amounting to $53,933,600 are required for the duration of the project. Of that amount, $49,281,300 relates to other staff costs and includes 114 security officers, eight staff at the Professional level and six at the General Service level to provide security and safety measures in accordance with minimum operating security standards and manage the additional security requirements related to swing space locations and construction activity in the North Lawn and the Secretariat buildings. Specific tasks required of the additional positions include access control and screening of persons, packages and vehicles entering and leaving the swing space and construction premises; emergency response and crisis management capabilities in swing space and construction areas; pass and identification services for all construction activities; explosive device detection; fire safety and hazardous material monitoring; working with the host country authorities to ensure compliance with safety codes and follow-up on any corrective measures; training for and conducting fire drills; and testing of all life safety systems in all swing space locations. All construction-related deliveries of material and equipment must undergo a thorough screening process in accordance with the Headquarters' minimum operating security standards. Therefore, additional canine support is required. With the increase in security officers there will be related costs such as uniforms, substance and psychological testing, training, ammunition, storage and locker facilities, communication costs and canine supplies ($3,428,300). In addition, office automation equipment, security equipment, vehicles and trailers, and X-ray equipment and metal detectors at the new entry points created by the construction project will be required ($1,224,000).

IV. Financing arrangements

21. In the preparation of the present proposal the Secretary-General was guided by a number of considerations, including, inter alia, avoidance of duplication and representation, where possible, of the results of savings. The Secretary-General has considered absorptive capacity within the current approved budget of the capital master plan and has noted that, at the present time, with the value engineering exercise ongoing, there is currently insufficient capacity within the capital master plan to meet additional associated costs. The Secretary-General has also considered absorptive capacity within the departments that will be responsible for ensuring that the work of the United Nations continues with minimum disruption during the period of renovation, and notes that only limited capacity is available. Wherever possible, that limited capacity has been offset against the current request for resources.

22. The Secretary-General therefore proposes the following financing requirements for the associated costs for the capital master plan:

(a) For the biennium 2008-2009, to meet the associated costs for the capital master plan, to suspend the provisions for the application of credits under regulations 3.2 (d), 5.3 and 5.4 of the Financial Regulations and Rules of the United Nations in respect of the amount of $45,496,700 gross ($42,039,300 net), which otherwise would have to be surrendered pursuant to those provisions;

(b) To note that requirements for the period 2010-2013, estimated at $148,255,000, will be considered in the context of the proposed programme budgets for the relevant bienniums, taking into account at that time any available balances within the approved budget for the capital master plan.

V. Conclusions

23. The budget of the capital master plan does not provide for certain associated costs to departments that will support the capital master plan, such as furniture and equipment costs or the costs of security related to the project. The General Assembly, in its resolution 62/87, requested the Secretary-General to make every effort to absorb such costs within the approved budget of the capital master plan. At the present time, the Secretary-General has determined that it will not be possible to absorb estimated associated costs into the approved budget of the capital master plan. The present report identifies those costs for the period 2008-2013, and requests approval by the General Assembly of the course of action identified in paragraph 22.

VI. Actions to be taken by the General Assembly

24. **The General Assembly is requested to take the following actions:**

(a) To approve the overall level of associated costs estimated at $193,751,700;

(b) To approve an amount of $995,300 under section 2, General Assembly and Economic and Social Council affairs and conference management; $4,254,000 under section 27, Public information; $17,958,800 under section 28D, Office of Central Support Services; $18,831,200 under section 33, Safety and security; and $3,457,400 under section 35, Staff assessment, to be offset by an equivalent amount under income section 1, Income from staff assessment of the programme budget for the biennium 2008-2009;

(c) To decide that for the biennium 2008-2009, to meet the associated costs for the capital master plan, the provisions for the application of credits under regulation 3.2 (d), 5.3 and 5.4 of the Financial Regulations and Rules of the United Nations shall be suspended in respect of the amount of $45,496,700 gross ($42,039,300 net), which otherwise would have to be surrendered pursuant to those provisions;

(d) To note that estimated requirements of $148,255,000 (net $141,099,200) for the period 2010-2013 will be considered in the context of the proposed programme budgets for the relevant bienniums, taking into account at that time any available balances within the approved budget for the capital master plan.